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The 24/7 Globalisation E-Business Assumption: A New Zealand Life-Style Business Perspective

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Abstract

The 24/7 Globalisation E-Business Assumption underpins most of the current E-Business models. This paper analyses the current E-Business models to identify the 24/7 Globalisation E-Business Assumption. These assumptions are then used in the analysis of an interpretive study of six New Zealand life-style winery owners to explain the contradictions between business practice and E-Business models reported in the literature. The identification and description of the 24/7 Globalisation E-Business Assumption will help researchers understand how to work with life-style businesses in a more flexible way to design more applicable E-Business models. It may also provide some hope for life-style business owners who have found current E-Business models difficult to apply.

Keywords

B2C E-Business, Life-style business, Interpretive methods

INTRODUCTION

The Information Technology discipline teaches its disciples that the main benefit that E-Business offers is the opportunity to explore new markets that reach outside their local geographic location (Van Slyke & Belanger 2003). There are as many models of E-business as kinds of business as analysis undertaken by Rappa (2005) shows. This paper argues that all of these models have at least one thing in common in that they are underpinned by some fundamental ideas about E-Business. Following on from this, it appears that these ideas are limiting the way that some specific groups of small businesses (ie life-style businesses) are able to use E-Business.

To achieve this goal, firstly, this paper reviews some existing E-Business models and analyses the underlying ideas that they are based upon. A definition of life-style businesses is offered at the end of this section. Then the paper presents the case of small New Zealand boutique wineries and offers an explanation as to why the opportunity to explore new markets outside their geographic location has not been taken up. The contribution of this paper is to explain the non-applicability of the generally accepted fundamental ideas about E-Business to New Zealand small 'life-style' businesses.

Current models

Venkatraman (2000) suggests that business-to-consumer operations can use the Web as an auxiliary channel to deliver products and services and urges companies to adopt customer-specified pricing models or build-to-order models. This approach has been adopted by the air transport industry where airline web applications have been aimed at developing a new distribution channel for bookings and sales with the testing of ticket auctioning models (Jarach 2002).

The main model for Internet customer relationship management is personalisation where the Internet retailer collects and actively uses customer information to market products. The effect of personalisation (one-to-one mass marketing) was predicted to broaden the on-line customer base as on-line shopping reached critical mass in 2005 (Walsh & Godfrey 2000). In a 'wish-list' generated from SME feedback on eCommerce requirements Davies and Garcia-Sierra (1999) report a need to increase customer contact and to find new suppliers. In study seeking to benchmark SMEs for the Internet Webb and Sayer (1998) urge businesses to 'think globally' and 'treat the Internet as a 'global medium' if they are to fully utilise the power of the Internet as the 'global village is a reality'.

Table 1 Summary of E-Business models

Author	Model
Venkatraman(2000)	Customer specified pricing Built-to-order
Walsh & Godfrey (2000)	Personalisation (one-to-one mass marketing)
Davies & Garcia-Sierra (1999)	Increase customer contact Find new suppliers
Webb & Sayer (1998)	Global village

Table 1 gives a summary of the E-Business models discussed. Although not explicit in the literature, these authors are making assumptions that the 24/7 globalisation approach to E-Business (the thinking that the main benefit of the Internet which businesses can tap into is the notion of the 'global medium' or 'global village') is a useful one for small business. This paper explains this as the 24/7 Globalisation assumptions for E-Business.

24/7 Globalisation assumptions for E-Business

The 24/7 Globalisation assumptions for business-to-consumer Internet business is implicit in the E-Business research literature and hence the models developed from this literature as shown in the previous section. Existing E-Business make four assumptions about how small businesses will want to work on the Internet.

1. Web site easily locatable
 - * Easy to use Universal Resource Locator (URL)
 - * High search engine ranking
2. Global sales – access to many people
3. Product available for sale to anyone
4. Advertise Internet specials

The first of the 24/7 Globalisation E-Business assumptions is that small business ought to make their web site easy for potential customers to find. This can be done by using an intuitive Universal Resource Locator (URL). Although many top search engine rankings are bought rather than attained, businesses can register their web site with search engines or include appropriate keywords to ensure that their web site is included in appropriate search engine indexes.

Secondly, it follows that businesses ought to aspire to global sales. Their web sites are set up to reach many people. Thirdly, the product available ought to be for sale to anyone who desires it and has the means to pay for it. Finally, the business ought to advertise special purchase prices or special purchase deals which are enabled by the efficiencies of the Internet to generate increased sales. Specifically, by bypassing elements in the supply chain, the business ought to be able to pass on savings to the customer.

However, during the course of this case study of small New Zealand winery owners' Internet use, it became obvious that the 24/7 Globalisation E-Business assumptions contradicts many life-style business goals. Evidence for this is provided from an interpretive study of life-style winery owners. The method for this study is set out in the next section followed by a discussion of the issues that the winery business owners had with the 24/7 Globalisation assumptions for E-Business supported by incidents from the field work.

Life-style business

Life-style small business is a special sub-group of SMEs that is not often studied separately in the literature. In a study of non-financial success measures, Walker and Brown (2004) note that not all business owners may want to 'grow' their business and they cite studies where some small businesses deliberately refrain from taking on more employees. So it is acknowledged in the literature that an unknown proportion of these small business owners are known as 'lifestyle entrepreneurs' who are described as a special breed of business owner who is neither a financially independent hobbyist nor wealth-seeking empire builder (Henricks 2005). However, as noted by Getz and Carlsen (2005) in their study of family business in tourism, this type of 'lifestyle entrepreneur' is not identified clearly in the literature and the study of such business is not a distinct field. Instead, Getz and Carlsen (2005) found that studies of such businesses were referred under varied keywords including family business, owner business, owner-operated business, small business, entrepreneurship and the

characteristics of lifestyle businesses were identified in studies on business growth and or failure. For the purposes of this study, life-style businesses are defined as small businesses employing 19 employees or less (Yellow Pages 2003) who are family owned and neither hobbyist nor growth oriented.

METHOD

This study examines the case of six life-style winery business owners using an interpretive approach to data collection and analysis. As suggested by Trauth (2001), studies that investigate change resulting from the use of technology benefit from interpretive methods that enable 'sense making' of the accompanying change. In this study, data is collected through conversations that according to Trauth & Jessup (2000) allow the research to adopt an 'insider's view' of the organisational (in this case life-style business) context. This allowed insights into the motivations of the participants and allowed the participants story to be revealed. Data analysis was undertaken using open coding ¹to identify contradictions in the research data.

The sample included one winery from the Hawkes Bay in the east of the North Island, one from Nelson in the South Island and four wineries from the Martinborough region in the south of the North Island. Contacts for the Hawkes Bay and Nelson wineries came through social networks and in addition to providing a useful contrast to the Martinborough wineries, the contacts showed interest and enthusiasm toward the project and would be useful contributors. The Hawkes Bay winery represents a small family owned winery. The Nelson winery represents a small business family partnership where one of the partners is particularly Internet literate. The four Martinborough wineries were small family operations. The group of wineries chosen represents a selection of lifestyle businesses with family ownership and neither hobbyist nor growth oriented characteristics. The identities of the wineries have been disguised and are referred to by the regions for the Hawkes Bay and Nelson wineries and by Martinborough A-D in the case of the four Martinborough wineries. No quotes have been included for Martinborough D because they used the Internet so little that they could be classed as non-users.

FINDINGS

1. Like to keep their web site hidden – don't attract uneducated customers

The first assumption for 24/7 Global E-Business is that the business ought to design a Web site that is easily locatable, that is, the web site has an easy to use URL and a high search engine ranking. However, one of the case study wineries actually wanted to stay hidden from the global market and remain accessible to valued customers as the following response illustrates when asked about making their URL more visible:

Martinborough A: No, I presume that is deliberate in terms of maintaining exclusivity. Just not prostituting ourselves out to every site that is out there. And I suppose it is a simple address so people know you just go to Martinborough A and you are going to find the web site without the links and those that purchase regularly are going to know where to find us really. It is slightly a small minded attitude but it may be related to the fact that we have no issue selling wine.

Notice the importance of 'maintaining exclusivity' in the winery business. The winery manager focuses on selling to a closed network familiar agents and customers as shown in the following response:

MartinBorough A: Because everybody, like it is such a close knit community anyway, um agents are good friends, we have good relationships with everybody, so we kind of send to family or close friends and so it is quite hard to break out into that group or this. They are really closely integrated. Everybody is included, which is really nice.

The benefits of selling to a closed network of customers is that firstly, they appreciate what they are being given the opportunity to purchase and secondly, they refer purchase opportunities through their own networks and these are seen as 'good deals', thus motivating purchases:

Hawkes Bay: If we have got something that is coming out of the library or if we are gonna re-release once it is aged and cellared, we give them the opportunity to have first dibs on it.

Hawkes Bay: You get people that pass on their emails to other people and you can extend the network that way. They think that they are getting a good deal so they are referring it on. The last lot was, we had really good feedback from it.

¹ See Trauth & Jessup (2000) for a discussion of open coding used in IS research and Urquhart (2001) for a philosophical discussion of open coding as part of grounded theory.

During the study it transpired that the winery owners tried to maintain the exclusivity of their business by only volunteering enough information as shown in this comment.

Martinborough B: And telling things that are informative without trying to give away too many secrets too.

2. Like distributors to deal with global sales & enquiries

The second assumption for 24/7 Global E-Business is that a major benefit of the Internet is that it enables global sales through access to many potential customers outside the immediate geographic area. However, the wineries in these case studies do not sell wine globally. Any sales outside their local geographical area are left up to an agent as described by one winery manager below:

Hawkes Bay: Basically, if you have got people off shore and they want to get wine to them but are not near a distributor, they can contact the nearest one and find out what wine they have got and how much the have got of it.

Hawkes Bay: Put their order through us and we send it out from there (international distributor).

Even in cases where global customers access the New Zealand winery web pages, there may not be the opportunity to purchase wine directly. In many cases, the customer is directed to a local distributor. In one case, any global customers that are referred via the Internet are kept separate to the local customer list and receive different information from the winery as explained by a winery manager below:

Hawkes Bay: No, a lot of new customers that come in, because we do offer them a choice of becoming a mail order customer and we have also added on down the bottom, if you would like to receive our newsletter. So we are getting a higher percentage of people who are doing both now, but this is quite new.

3. Like to sell product in bulk to a 'select' buyer

Following on from the second assumption for 24/7 Global E-Business is the assumption that the product for sale be available to anyone.

However, some of the winery owners regarded the Internet as a tool to market the wine to past and potential visitors to the winery as described in this excerpt:

Nelson: The main purpose is to give people who have been here and who might come here, a glimpse of what we are doing. In other words it is to portray what we are what we are trying to do and I suppose to some extent, what we have got for sale. But I don't see it as a tool for generating orders. ...So it is like a big scrap book really.

The winery owners educate people on how to buy and enjoy wine as illustrated in this excerpt from a discussion on the importance of educating customers about how to recognise corked wine.

Nelson: We spend a lot of time educating people.

The winery owners also make a point of being available to personally sell the wine to customers as discussed in the following point:

Martinborough C: We make a point of personally selling the wines because otherwise they might as well go to a shop.

It follows that selling wine from a web site should be more like the customer buying wine from the wine maker rather than from a wine shop. The winery owners can also achieve the goal of selling wine personally by maintaining a mailing list and sending invitations to buy wine each time wine a release is made as described in this comment:

Martinborough A: People who have been on the mailing list for years. You know you often hear them say, oh we haven't heard from such and such and they have been on the mailing list for years. Or great, they have finally come through with an order. Where have they been?

It is apparent from these comments of mailing list maintenance that wine owners monitor purchases made by members of the mailing list. In this way, wineries can be assured of good wine sales each season as evident in the following comments:

Martinborough A: There is no issue with selling the wine, so there is no need to be out there promoting it. Which is a real luxury really. It is just great, you know it is just not a problem here.

4. Product is pre-sold

The fourth assumption for 24/7 Global E-Business is that businesses ought to advertise Internet specials to achieve better sales and to fulfil the promise of cost savings for the consumer.

However, winery owners do not need to nor do they want to advertise Internet specials for wine sales. This is because advertising Internet specials would detract from the exclusive status of the product. The sale of the wine relies on the perception that the product is exclusive as evident in the following comments by one winery owner on what sells their wine:

Martinborough A: Kudos. The fact that it is know, internationally recognised, expensive.

Another important aspect of selling wine is that there is a good group of loyal potential wine buyers cultivated by the winery owner as evident in the these comments about the availability of potential buyers:

Martinborough C: Fantastic. Word of mouth, friends of friends, Pinot Noir conference that was in Wellington last year. I mean we are set for life. It is kind of like, we haven't got the infrastructure but we have got the markets for a large amount of wine, so yeah.

Lifestyle business approach

The winery owners in this case study definitely subscribe to the lifestyle business approach is evident in the following comments on getting 'bigger':

Martinborough C: It would totally change the whole way we do things. I think we have got a good compromise here.

DISCUSSION

Set out like this, the non-applicability of the 24/7 Global E-Business assumption to the life-style winery owners seems very straightforward and obvious. It is appropriate to ask 'Why has this not been discovered before?' One possible explanation is that IT research culture assumes that the technology is right and looks at how the business owners must change or studies the characteristics of the businesses or business owners that prevents use of the technology. For example, Davies and Garcia-Sierra (1999) provide a list of four 'eCommerce requirements of SMEs' which includes an increased level of competence in eCommerce with more staff able to use the technologies with no consideration for how the technology might change to be more suitable to the SME. Trauth and Jessup (2000) discuss this as technological determinism. Another possible issue that contributes to the explanation is the way that the boutique winery business model operates. Boutique winery businesses attract a small group of loyal buyers who are prepared to pay retail for a high quality product. This fits with the type of business owner identified by Henricks (2005) as neither financially independent hobbyist nor wealth seeking empire builder. This outlook is directly opposed to the 24/7 Global E-Business assumption which gleans benefit from global marketing to as many potential buyers as possible.

The identification of the 24/7 Global E-Business assumptions may also go some way to explaining why small businesses, and in particular life-style businesses, are not taking up E-Business to the extent that was first predicted (Tamihere 2004).

The interpretive research approach to this study was critical to the discovery and identification of the 24/7 Global E-Business assumptions. Only by allowing the research participants more control over the research direction, was the researcher able to discover the specific context of the research problem and the real reasons behind the

current lack of utilisation of E-Business in the case study businesses. This would not have been possible with a conventional survey and case study techniques as the research questions would have been guided by the existing literature and the assumptions would only have been perpetuated by the study.

Contribution

Every step toward understanding the non-applicability of the 24/7 Global E-Business assumption is a step toward understanding the type of model that will apply. Up until this point, Internet technology has been very inflexible. Perhaps Internet technology is entering a phase where it will become flexible enough to be able to accommodate more directly business related endeavours. However, arriving at such a position is also contingent on getting more cooperation and understanding from participants. Experience with these six life-style winery owners demonstrates that the interest is present but the motivation is lacking. This paper argues that the reason for this is the inapplicability of the 24/7 Global E-Business assumptions and that entertaining a different set of assumptions may encourage more participation from the life-style business owners.

Further Research

The most obvious direction for further research is to explore different E-Business models that acknowledge the non-applicability of the 24/7 Globalisation E-Business assumption. The key to understanding this new research direction will be consideration of the individual purpose of the business. It is also clear that the life-style businesses and small businesses should be either investigated separately, or the differences in business goals be acknowledged and allowed for in the analysis and discussion. The particular industry that the businesses operate out of may also be significant. The non-applicability of the 24/7 Global E-Business assumptions may also be relevant for similar businesses to wineries such as organic food, art and craft and bed and breakfast tourism.

CONCLUSION

In this paper the non-applicability of the 24/7 Global E-Business assumptions to life-style winery New Zealand businesses is argued. The paper explores some current E-Business models and defines the 24/7 Global E-Business assumptions as it is implied in E-Business research. The interpretive case study design allows for intensive investigation of the incongruence between the winery life-style business outlook and the 24/7 Global E-Business assumptions. For the life-style small winery industry, this paper suggests a new approach to E-Business. For academia, this research suggests a means of taking stock of researcher bias that has pushed forward the 24/7 Global E-Business assumptions and reflection on models that may be more appropriate for different types of businesses (in this case life-style businesses) and specific industries (in this case the winery industry).

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